

EXHIBIT 1

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TRUST INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

AMSOUTH BANK OF ALABAMA

Dated as of February 1, 1997

Relating to

JEFFERSON COUNTY, ALABAMA

\$211,040,000

**Sewer Revenue Refunding Warrants
Series 1997-A**

\$48,020,000

**Taxable Sewer Revenue Refunding Warrants
Series 1997-B**

\$52,880,000

**Taxable Sewer Revenue Refunding Warrants
Series 1997-C**

**This instrument was
MARKED
1200 AmSouth / North
1901 Sixth Avenue, N.E.
Birmingham, Alabama 35202**

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to
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between
JEFFERSON COUNTY, ALABAMA
and
AMSOUTH BANK OF ALABAMA

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TRUST INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama, party of the first part (herein called the "County"), and **AMSOUTH BANK OF ALABAMA**, an Alabama banking corporation having its principal office in the City of Birmingham, Alabama, party of the second part (herein called the "Trustee");

RECITALS

The party of the first part makes the following recitals of facts as the basis for the undertaking following: it is a political subdivision of the State of Alabama; by proper official action it has duly authorized the issuance of the Series 1997 Warrants and Series 1997-C Warrants hereinafter referred to; and to secure payment of the principal of and the interest and premium (if any) on said Series 1997 Warrants and Series 1997-C Warrants and all additional securities that may be issued hereunder, it has by proper official action duly authorized the execution and delivery of this Indenture.

NOW, THEREFORE, THIS INDENTURE

WITNESSETH:

For the aforesaid purpose and in consideration of the respective agreements herein contained, it is hereby agreed between the parties signatory hereto and the holders of all Parity Securities issued hereunder (the holders of the said Parity Securities evidencing their consent hereto by their acceptance of the said Parity Securities and the parties signatory hereto evidencing their consent hereto by their execution hereof), each with each of the others, as follows (provided, that in the performance of any of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from the sources of payment hereinafter specified):

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used herein, shall have the following respective meanings:

"Act" means the statutes codified as Chapter 28 of Title 11 of the Code of Alabama 1975, as amended and supplemented and at the time in force and effect.

"Additional Parity Securities" means those of the Parity Securities (whether consisting of warrants, bonds, notes or other forms of indebtedness) issued subsequent to the issuance of the Series 1997 Warrants and Series 1997-C Warrants pursuant to the provisions of Article X hereof.

"Additional 1997 Parity Securities" means a series of Parity Securities to be issued subsequent to the issuance of the Series 1997 Warrants and Series 1997-C Warrants (but no later than April 30, 1997) in a principal amount that shall not exceed \$350,000,000.

"Authority" means the Alabama Water Pollution Control Authority, an Alabama public corporation.

"Authority Trustee Prime Rate" means the rate of interest established (whether or not charged) from time to time by Compass Bank in Birmingham, Alabama, as its general reference rate of interest, after taking into account such factors as Compass Bank may from time to time deem appropriate in its sole discretion (it being understood, however, that Compass Bank may from time to time make various loans at rates of interest having no relationship to such general reference rate of interest).

"Authorized County Representative" means the person or persons at the time designated as such by written certificate furnished to the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the County by a member of the Governing Body.

"Bond Counsel" means Independent Counsel having nationally recognized standing in matters relating to the tax-exempt nature of interest on obligations issued by or on behalf of states or political subdivisions thereof.

"Bond Insurer" means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"Business Day" means any day other than (1) a Saturday, Sunday or day upon which commercial banks in Birmingham, Alabama, or New York, New York, are authorized or required to be closed, and (2) for purposes of payments and other actions relating to Parity Securities secured by a Letter of Credit, a day upon which commercial banks in the city in which the office of the Qualified Bank at which demands for payment under such Letter of Credit are to be presented is located are authorized to be closed.

"Code" means the Internal Revenue Code of 1986, as amended, or successor federal tax law at the time in force and effect.

"Counsel" means any attorney duly admitted to practice before the highest court of any state of the United States of America or the District of Columbia (including any full time

employee of the County who is so admitted to practice), it being understood that Counsel may also mean a firm of attorneys whose members are so admitted to practice.

"County" means the party of the first part hereto and, subject to the provisions of Section 12.6 hereof, includes its successors and assigns and any political subdivision of the State of Alabama resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Debt Service Fund" means the Jefferson County Sewer System Debt Service Fund established under Section 11.2 hereof.

"Depreciation Fund" means the Jefferson County Sewer System Funded Depreciation Fund established under Section 11.5 hereof.

"Eligible Bank Obligations" means demand and time deposits (whether or not interest-bearing and whether or not evidenced by certificates of deposit) in banks and acceptances by banks, provided that the banks obligated with respect to such deposits or acceptances, as the case may be, are organized under the laws of the United States of America or any state thereof and have, at the time any moneys are invested in such deposits or acceptances pursuant to the provisions of the Indenture, combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the bank obligated with respect to any such deposit or acceptance shall continuously secure such deposit or acceptance, to the extent not insured by the Federal Deposit Insurance Corporation (or any department, agency or instrumentality of the United States of America that may succeed to the functions of such corporation), by depositing with an independent third party, as collateral security therefor, Federal Obligations having a market value (exclusive of accrued interest) not less than the amount of the deposit or acceptance being secured.

"Eligible Investments" means any of the following: (i) Federal Obligations; (ii) Eligible Bank Obligations; (iii) obligations issued by any state of the United States of America or political subdivision or instrumentality thereof that are fully payable, as to principal, premium (if any) and interest, from payments of principal of or interest on any Federal Obligations held in an irrevocable trust, and that are rated not less favorably than AAA by S&P and Aaa by Moody's; (iv) any share or other investment unit representing a beneficial interest in an investment company or investment trust which is registered under the Investment Company Act of 1940, as from time to time amended (or successor provision of federal law), provided that the investment portfolio of such investment company or investment trust consists exclusively of obligations or securities that would independently qualify as Eligible Investments if directly acquired by the County; (v) to the extent at the time permitted by applicable law, either of the following: (A) any repurchase agreement or collateralized investment agreement issued or guaranteed by any financial institution which has a long-term rating of at least A- by S&P or A3 by Moody's, provided that (1) the obligations or securities subject to any such agreement shall be of the kind described in clauses (i), (ii) and (iii) of this definition, (2) no transfer of moneys shall be made by the County to invest in any such agreement unless the County obtains a

security interest in all obligations and securities covered by such agreement that shall be perfected, prior to or simultaneously with the transfer of such moneys, through the physical delivery of such obligations and securities to the County or to an independent third party, and (3) such obligations and securities shall be supplemented by additional collateral from time to time to the extent required to continuously maintain collateral having an aggregate market value (exclusive of accrued interest) that is not less than the amount invested pursuant to such agreement; or (B) any investment agreement issued or guaranteed by any financial institution which has a long-term rating of at least AA- by S&P or AA3 by Moody's; and (vi) any other investments at the time permitted by applicable law.

"Event of Default" means an "Event of Default" as specified in Section 13.1 hereof.

"Federal Obligations" means (i) any direct general obligations of the United States of America, (ii) obligations the payment of the principal of and the interest on which is unconditionally and irrevocably guaranteed by, or entitled to the full faith and credit of, the United States of America, and (iii) Treasury Receipts.

"Fiscal Year" means any twelve month period ending on September 30 or any other period of twelve consecutive calendar months that may hereafter be adopted as the fiscal year of the County.

"Fitch" means Fitch Investors Service, L.P., and any successor thereto.

"fully paid", "payment in full", or any similar expression with respect to the Indenture Indebtedness, means that the entire Indenture Indebtedness has been paid in full or duly provided for pursuant to Section 16.1 hereof and that the lien of the Indenture has been cancelled, satisfied and discharged in accordance with the provisions of said Section 16.1 hereof.

"Governing Body" means the County Commission of the County or any other governing body of the County, howsoever constituted, that may succeed to its function as such governing body.

"Holder", when used in conjunction with a Parity Security, means the Person in whose name such Parity Security is registered on the registry books of the Trustee pertaining to the Parity Securities.

"Improvement Costs" means the costs of acquiring, constructing, installing and making any System Improvements (including the purchase of all easements, rights of way and land, and all engineering, legal, financing and other expenses incidental to the acquisition, construction, installation and making of such System Improvements).

"Indenture" means this Trust Indenture, as supplemented and amended by any Supplemental Indenture executed by the County and the Trustee in accordance with the applicable provisions of Article XV hereof.

"Indenture Funds" means the Debt Service Fund, the Rate Stabilization Fund, the Depreciation Fund, the Reserve Fund and the Redemption Fund.

"Indenture Indebtedness" means all indebtedness of the County at the time secured by the Indenture, including, without limitation, all principal of and interest and premium (if any) on the Parity Securities, and all reasonable and proper fees, charges and disbursements of the Trustee for services performed under the Indenture.

"Independent Accountant" means a certified public accountant or a firm of certified public accountants that has no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such accountant or firm of accountants in the performance of any services to be performed hereunder as an Independent Accountant, or the State Examiner of Public Accounts of the State of Alabama or any successor to his duties.

"Independent Counsel" means Counsel having no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such Counsel in the performance of any services to be performed hereunder as Independent Counsel.

"Independent Engineer" means an engineer or engineering firm licensed to engage in the independent practice of engineering under the laws of the State of Alabama (i) that has no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such engineer or engineering firm in the performance of any services to be performed hereunder as an Independent Engineer and (ii) that is otherwise acceptable to the Trustee and the Bond Insurer for the purpose to be served hereunder by such Independent Engineer.

"Independent Investment Adviser" means a municipal securities dealer having no continuing employment or business relationship or other connection with the County which, in the opinion of the Trustee, might compromise or interfere with the independent judgment of such securities dealer in the performance of any services to be performed hereunder as Independent Investment Adviser.

"Insurance Policy" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Series 1997 Warrants.

"Interest Payment Date" means (i) with respect to the Series 1997 Warrants, August 1, 1997, and each February 1 and August 1 thereafter, (ii) with respect to the Series 1997-C Warrants, August 15, 1997, and each February 15 and August 15 thereafter, and (iii) with respect to any Additional Parity Securities, any date on which interest on such securities is due and payable.

"Issuance Cost Account" means the Series 1997 Warrants Issuance Cost Account established under Section 11.12 hereof.

"Issuance Costs" means the reasonable costs and expenses of issuing and selling the Series 1997 Warrants and Series 1997-C Warrants, including, without limitation, the fees and expenses of Bond Counsel to the County, the acceptance fee of the Trustee, the fees of any Rating Agency rating the Series 1997 Warrants, bond insurance premiums, accounting fees, financial advisory fees, underwriters' commissions and discounts, the costs of printing the Official Statement for the Series 1997 Warrants, and other usual and customary expenses.

"Letter of Credit" means an irrevocable and unconditional letter of credit, a standby purchase agreement, a line of credit or any other similar credit arrangement issued by a Qualified Bank to secure payment of any Parity Securities or to satisfy all or a portion of the Reserve Fund Requirement.

"Letter of Credit Agreement" means an agreement between the County and a Qualified Bank pursuant to which the Qualified Bank agrees to issue a Letter of Credit and which sets forth the repayment obligation of the County to the Qualified Bank on account of any payment under the Letter of Credit.

"Maximum Annual Debt Service" means the maximum amount payable in a Fiscal Year as principal of and interest on the Parity Securities then outstanding and any Additional Parity Securities proposed to be issued, subject to the following assumptions and adjustments:

(1) that the principal amount of any such securities required by the terms thereof to be redeemed or prepaid during any Fiscal Year shall, for purposes of this definition, be considered as maturing in the Fiscal Year during which such redemption or prepayment is required and not in the Fiscal Year in which their stated maturity or due date occurs;

(2) for purposes of determining the amounts of principal and interest due in any Fiscal Year on any Parity Securities that constitute Tender Indebtedness, the options or obligations of the owners of such Parity Securities to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity occurring on the first date on which owners of such Parity Securities may or are required to tender such Parity Securities for purchase or payment, except that any such option or obligation to tender Parity Securities shall be ignored and not treated as a principal maturity, and such Parity Securities shall be deemed to mature in accordance with their stated maturity schedule, if (i) such Parity Securities are rated in one of the two highest long-term rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies or such Parity Securities are rated in the highest short-term, note or commercial paper rating categories (without reference to gradations such as "plus" or "minus") by at least two Rating Agencies, and (ii)

the obligation, if any, the County may have to the issuer of a Letter of Credit that secures such Parity Securities shall either be subordinated to the obligation of the County on the Parity Securities or be incurred under the conditions and satisfy the tests for the issuance of Additional Parity Securities set forth in the Indenture;

(3) the interest rate on any outstanding or proposed Variable Rate Securities subsequent to the date of calculation shall be assumed to be the lowest of (A) the maximum rate of interest that may be applicable to such Parity Securities, under the provisions thereof, (B) for so long as any hedging agreement that establishes a cap rate for such Parity Securities is in effect, such cap rate, and (C) the highest of (i) the actual interest rate on the date of calculation, or if the Variable Rate Securities in question are not yet outstanding, the initial rate (if established and binding), (ii) if the Variable Rate Securities in question have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Variable Rate Securities in question is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest on such Variable Rate Securities is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(4) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to a fixed rate of interest shall be calculated as if the Parity Securities bore interest at such fixed rate during the term of such Qualified Swap;

(5) the debt service payable with respect to any Parity Securities for which the County has entered into a Qualified Swap pursuant to which the County has agreed to make payments calculated by reference to variable interest rates shall be calculated as if the Parity Securities in question bore interest, during the term of such Qualified Swap, at a rate equal to the lowest of (A) for so long as any hedging agreement that establishes a cap rate with respect to such Qualified Swap remains in effect, such cap rate, or (B) the highest of (i) the actual rate of such Qualified Swap on the date of calculation, or if such Qualified Swap is not yet in effect, the initial rate (if established and binding), (ii) if the Qualified Swap has been in effect for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (x) if interest on the Variable Rate Securities in question is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (y) if interest on such Variable Rate Securities is not so

excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points;

(6) there shall be excluded any principal of or interest on any Parity Securities to the extent there are available and held in escrow or under a trust agreement (i) moneys sufficient to pay such principal or interest, (ii) Permitted Defeasance Obligations which, if the principal thereof and the interest thereon are paid according to their tenor, will produce moneys sufficient to pay such principal of interest, or (iii) both moneys and such Permitted Defeasance Obligations which together will produce funds sufficient to pay such principal or interest; and

(7) the County may assume that all or any portion of outstanding Parity Securities that are subject to optional redemption provisions will be redeemed in one or more installments that are consistent with such provisions and may adjust the expected payment schedule with respect to such Parity Securities to reflect such assumed redemptions.

In any case where, for purposes of determining Maximum Annual Debt Service, a portion of the principal of any Parity Securities is to be excluded, there shall also be excluded interest on the principal so excluded.

"Moody's" means Moody's Investors Service and any successor thereto.

"Net Insurance Proceeds" means the total insurance proceeds recovered by the County and the Trustee on account of any damage to or destruction of the System or any part thereof, less all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such proceeds.

"Net Revenues Available for Debt Service" means, for any period, the difference between (A) the sum of (i) the total amount of System Revenues accrued during such period, and (ii) the amount of interest earned during such period on moneys held in those of the Indenture Funds other than the Rate Stabilization Fund (to the extent that such interest is not taken into account pursuant to the preceding clause (i)) and (B) the total amount of Operating Expenses incurred during such period (determined in accordance with generally accepted accounting principles).

"Operating Expenses" means, for the applicable period or periods, (a) the reasonable and necessary expenses of efficiently and economically administering and operating the System, including, without limitation, the costs of all items of labor, materials, supplies, equipment (other than equipment chargeable to fixed capital account), premiums on insurance policies and fidelity bonds maintained with respect to the System (including casualty, liability and any other types of insurance), fees for engineers, attorneys and accountants (except where such fees are chargeable to fixed capital account) and all other items, except depreciation, amortization, interest and payments made pursuant to Qualified Swaps, that by generally accepted accounting

principles are properly chargeable to expenses of administration and operation and are not characterized as extraordinary items, (b) the expenses of maintaining the System in good repair and in good operating condition, but not including items that by generally accepted accounting principles are properly chargeable to fixed capital account, and (c) the fees and charges of the Trustee. Payments or transfers of Sewer Revenues into the General Fund of the County shall constitute payments of Operating Expenses if and to the extent that the services or benefits for which such payments or transfers are made are such that payments to a Person other than the County for such services or benefits would constitute payments of Operating Expenses.

"outstanding", when used with reference to any of the Parity Securities, means, at the date as of which the amount of such Parity Securities outstanding is to be determined, all such Parity Securities which have been theretofore authenticated and delivered by the Trustee under the Indenture, except (i) those of such Parity Securities purchased for retirement which have been delivered to and cancelled by the Trustee, (ii) those of such Parity Securities cancelled by the Trustee because of payment at or after their respective maturities or redemption prior to their respective maturities, (iii) those of such Parity Securities for the payment or redemption of which provision shall have been made with the Trustee as provided in Section 16.1 hereof, and (iv) those of such Parity Securities in exchange for which, or in lieu of which, other Parity Securities have been authenticated and delivered hereunder. In determining whether the Holders of a requisite aggregate principal amount of outstanding Parity Securities have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Parity Securities which are owned by the County shall be disregarded and deemed not to be outstanding hereunder for the purpose of any such determination.

"Parity Securities" means the Series 1997 Warrants, the Series 1997-C Warrants and any Additional Parity Securities at the time outstanding.

"Parity Securityholder" means the Holder of a Parity Security.

"Paying Agent" means (i) with respect to the Series 1997 Warrants and the Series 1997-C Warrants, the Trustee, and (ii) with respect to any series of Additional Parity Securities, the paying agent designated in the Supplemental Indenture providing for the issuance of such Additional Parity Securities.

"Permitted Defeasance Obligations" means any combination of (i) Federal Obligations and (ii) obligations issued by any state of the United States of America or political subdivision or instrumentality thereof that bear interest exempt from federal income taxation, that are fully payable, as to principal, premium (if any) and interest, from payments of principal of or interest on any Federal Obligations held in an irrevocable trust, and that are rated not less favorably than AAA by S&P or Aaa by Moody's.

"Permitted Encumbrances" means, as of any particular time, any of the following: (i) inchoate mechanic's, materialmen's, supplier's, vendor's and other similar liens; (ii) liens, encumbrances or pledges subordinate to the lien or pledge imposed hereby; and (iii) such other

minor defects, irregularities, encumbrances and clouds on title as customarily exist with respect to properties of the size and character as those comprising the System and that do not in the aggregate materially impair the use of such properties in the operation of the System.

"Person" means any natural person, corporation, partnership, trust, joint venture, government or governmental body, political subdivision or other legal entity as in the context may be possible or appropriate.

"Pledged Revenues" means those of the System Revenues that are pledged, pursuant to Section 2.1 hereof, to secure the payment of the Parity Securities.

"Prior Years' Surplus" means, with respect to any particular Fiscal Year, the aggregate amount on deposit in the Rate Stabilization Fund and the Depreciation Fund on the first day of such Fiscal Year.

"Qualified Bank" means a state or national bank or trust company, or a foreign bank with a domestic branch or agency, which is organized and in good standing under the laws of the United States or any state thereof, which has a capital and surplus of \$50,000,000 or more and which has a short-term debt rating in the highest category from at least two Rating Agencies.

"Qualified Swap" means, with respect to a series of Parity Securities or any portion thereof, any financial arrangement (i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of the execution and delivery of the documents governing such arrangement; (ii) that provides (a) that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series, and that such entity shall pay to the County an amount based on the interest accruing on the same notional amount, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Parity Securities), or that one shall pay to the other any net amount due under such arrangement, or (b) that the County shall pay to such entity an amount based on the interest accruing on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the County an amount based on interest accruing on the same notional amount at an agreed fixed rate, or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to any of the Parity Securities.

"Qualified Swap Provider" means an entity whose senior long term debt obligations, other senior unsecured long-term obligations or claims paying ability, or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long-term debt obligations, other senior unsecured long-term obligations or claims paying ability, are rated (at

the time the subject Qualified Swap is entered into) at least A- by S&P and at least A3 by Moody's.

"Rate Stabilization Fund" means the Jefferson County Sewer System Rate Stabilization Fund established under Section 11.4 hereof.

"Rate Stabilization Fund Requirement" means, as of the date of any determination thereof, seventy-five percent (75%) of the Maximum Annual Debt Service on the then outstanding Parity Securities.

"Rating Agency" means Moody's, S&P, Fitch or any other nationally recognized securities rating agency.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth day of the month immediately preceding such Interest Payment Date.

"Redemption Fund" means the Jefferson County Sewer System Redemption Fund established under Section 11.6 hereof.

"Reserve Fund" means the Jefferson County Sewer System Debt Service Reserve Fund established under Section 11.3 hereof.

"Reserve Fund Requirement" means, as of the date of any determination thereof, the lesser of (a) 125% of the average annual debt service on all Parity Securities at the time outstanding and secured by the Reserve Fund; (b) the maximum annual debt service on all Parity Securities at the time outstanding and secured by the Reserve Fund, or (c) an amount equal to the aggregate of 10% of the original principal amount (or, in the case of any series of Parity Securities sold with original issue discount in an amount greater than 2% of its original principal amount, the issue price) of each series of Parity Securities at the time outstanding and secured by the Reserve Fund. Any calculation of average annual debt service or maximum annual debt service for the purpose of determining the applicable Reserve Fund Requirement shall be made in accordance with the requirements and limitations imposed by the provisions of the Code and the regulations promulgated thereunder that pertain to reasonably required reserve or replacement funds.

"Resolution" means a resolution duly adopted by the Governing Body.

"Revenue Account" means the Jefferson County Sewer System Revenue Account established under Section 11.1 hereof.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"SRF Warrant" means the County's Sewer Revenue Warrant dated August 31, 1992, that was issued to the Alabama Water Pollution Control Authority, which warrant was issued originally in the principal amount of \$58,340,000 and is now outstanding in the principal amount of \$52,880,000.

"Series 1992 Warrants" means the County's Sewer Revenue Warrants, Series 1992, which warrants were originally issued in the aggregate principal amount of \$53,880,000 and are now outstanding in the aggregate principal amount of \$50,780,000.

"Series 1993 Warrants" means the County's Sewer Revenue Warrants, Series 1993, which warrants were originally issued in the aggregate principal amount of \$46,005,000 and are now outstanding in the aggregate principal amount of \$41,800,000.

"Series 1995-A Warrants" means the County's Sewer Revenue Warrants, Series 1995-A, originally issued and now outstanding in the aggregate principal amount of \$130,000,000.

"Series 1997 Warrants" means the Series 1997-A Warrants and the Series 1997-B Warrants.

"Series 1997-A Warrants" means those certain Sewer Revenue Refunding Warrants, Series 1997-A, authorized to be issued pursuant to Article VII hereof in an aggregate principal amount of \$211,040,000.

"Series 1997-B Warrants" means those certain Taxable Sewer Revenue Refunding Warrants, Series 1997-B, authorized to be issued pursuant to Article VIII hereof in an aggregate principal amount of \$48,020,000.

"Series 1997-C Warrants" means those certain Taxable Sewer Revenue Refunding Warrants, Series 1997-C, authorized to be issued pursuant to Article IX hereof in an aggregate principal amount of \$52,880,000.

"Sewer Tax" means that certain ad valorem tax levied by the County on an annual basis for the benefit of the System pursuant to Act No. 716 of the 1900-01 Session of the General Assembly of Alabama.

"Supplemental Indenture" means an agreement supplementing or amending the Indenture.

"System" means the entire sanitary sewer system owned by the County and all additions thereto and replacements thereof, consisting of mains, laterals, collectors, transmission mains, outfalls, pumping stations, sewage disposal plants, sewage treatment plants, and all properties, rights, easements and franchises appurtenant thereto, whether any of the said properties are now owned by the County or may be hereafter acquired by it.

"System Improvements" means (i) any capital improvements, extensions or additions to the System, (ii) any other capital improvements undertaken by the County as a consequence of its ownership and operation of the System, or (iii) any land or interest therein acquired as an addition to the System or as a consequence of the County's ownership and operation of the System.

"System Revenues" means the revenues derived from the Sewer Tax and all revenues, receipts, income and other moneys hereafter received by or on behalf of the County from whatever source derived from the operation of the System, including, without limitation, the fees, deposits and charges paid by users of the System and interest earnings on the Indenture Funds (other than the Rate Stabilization Fund) and any other funds held by the County or its agents that are attributable to or traceable from moneys derived from the operation of the System, but excluding, however, any federal or state grants to the County in respect of the System and any income derived from such grants.

"Tender Indebtedness" means any Parity Securities that are payable, at the option of the holder thereof, prior to their stated maturity or due date, or that the County (or an agent thereof) is required, at the option of such holder, to purchase prior to their stated maturity or due date.

"Treasury Receipts" means custodial receipts evidencing ownership in future principal or interest payments, or both, with respect to United States Treasury obligations that have been deposited with a custodian pursuant to a custody agreement which provides for the United States Treasury obligations underlying such custodial receipts to be held in a separate account and for all payments of principal and interest received by such custodian with respect to such underlying obligations to be immediately paid to the holders of such custodial receipts in accordance with their respective ownership interests in such underlying obligations, provided that (i) the custodian issuing such custodial receipts shall be a bank that is acceptable to the Trustee, that is organized under the laws of the United States of America or any state thereof, and that, at the time of the issuance of such custodial receipts, shall have capital, surplus and undivided profits in excess of \$100,000,000 and (ii) the custody agreement pursuant to which such custodial receipts are issued shall be acceptable to Bond Counsel.

"Trust Estate" means all properties, moneys, rights and interests that were granted, conveyed, assigned, transferred and pledged to and with the Trustee in Section 2.1 hereof or that are in any way subject to the lien of the Indenture.

"Trustee" means the party of the second part hereto and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Variable Rate Security" means any Parity Security that bears interest at a rate that is subject to change prior to the maturity of such security to one or more other interest rates that cannot be determined in advance.

Section 1.2 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "herein-before", "hereinafter", and other equivalent words refer to the Indenture as an entirety and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage or fractional amount of all the Parity Securities or of the Parity Securities of any series, specified herein for any purpose, is to be figured on the aggregate principal amount of all the Parity Securities or of the Parity Securities of such series, as the case may be, then outstanding.

ARTICLE II

GRANTING CLAUSES

Section 2.1 Granting Clauses. In order to secure the payment of the principal of and the interest and premium (if any) on the Parity Securities and the performance and observance of the covenants and conditions herein and therein contained for the benefit of the Parity Securityholders, and in consideration of (i) the purchase and acceptance of the Parity Securities by the Holders thereof, and (ii) the acceptance by the Trustee of the trusts herein provided, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the following described properties, interests and rights of the County, whether the same are now owned by it or may be hereafter acquired:

I

The System Revenues (other than revenues derived from the Sewer Tax and any other tax revenues that constitute System Revenues) that remain after the payment of Operating Expenses, subject, however, to the right of the County to receive and use any or all of such revenues that are deemed "surplus revenues" under Section 11.6 hereof after all prior and current obligations of the County hereunder have been satisfied to the extent required to be satisfied from the System Revenues;

II

All moneys from whatever source derived that are required by the Indenture to be deposited from time to time in the Debt Service Fund and the Reserve Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; provided that the pledge and assignment herein made with respect to the Reserve Fund shall be only for the benefit and security of the Holders of Parity Securities of those particular series that are secured by the Reserve Fund and, in particular, shall not be for the benefit and security of the Holders of the Series 1997-C Warrants; and

III

Any and all moneys, rights and properties of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee by the County or anyone on its part as additional security for the payment of all or any specified series of the Parity Securities, or which pursuant to any of the provisions hereof, may come into the possession or control of the Trustee as such additional security; and the Trustee is hereby authorized to receive any and all such moneys, rights and properties as and for additional security for the payment of all or any specified series of the Parity Securities and to hold and apply the same subject to the terms and conditions of the Indenture;

TO HAVE AND TO HOLD the same unto the Trustee, its successor trustees and assigns forever, subject to Permitted Encumbrances; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and pro rata protection and benefit of the Holders, present and future, of the Parity Securities, equally and ratably, without preference, priority or distinction of any over others by reason of priority in issuance or acquisition or otherwise, as if all the Parity Securities at any time outstanding had been executed, sold, authenticated, delivered and negotiated simultaneously with the execution and delivery hereof; subject, however, to the conditions contained herein requiring the preferential application of certain moneys with respect to the various series of the Parity Securities, and subject further to the right and duty of the Trustee to apply solely for the benefit of the Holders of any particular series of the Parity Securities all moneys, rights and properties that are pledged or otherwise contractually obligated for the sole and exclusive benefit of the Holders of such particular series of the Parity Securities;

PROVIDED, HOWEVER, that this Indenture is upon the condition that if the County shall pay or cause to be paid the principal of and the interest and premium (if any) on all Parity Securities secured hereby at the times and in the manner provided in the Parity Securities, according to the true intent and meaning thereof, or shall provide for such payment as specified in Section 16.1 hereof, and shall pay or cause to be paid all other Indenture Indebtedness, then the Indenture and the estate and rights granted hereby shall cease, determine and be void; otherwise the Indenture shall be and remain in full force and effect.

Section 2.2 Parity Securities Not General Obligations. The principal of and the interest and premium (if any) on the Parity Securities shall be payable solely from the sources of payment provided therein and herein. Neither the Parity Securities nor the Indenture shall be a general indebtedness or pledge of the full faith and credit of the County or a claim on the taxing power of the County or charge against any debt limit imposed on the County by the constitution or laws of the State of Alabama.

ARTICLE III

ISSUANCE OF PARITY SECURITIES IN SERIES

Section 3.1 Issuance of Parity Securities in Series. The Parity Securities may be issued in different series, and each Parity Security shall have an appropriate series designation. All the Parity Securities of every series shall be equally and ratably secured by the Indenture, it being expressly understood and agreed that no Parity Securities issued hereunder shall be prior to any other Parity Securities thereafter issued hereunder, but shall be on a parity therewith with respect to the security afforded by the Indenture.

Section 3.2 Dates and Places of Payment of Parity Securities. Subject to any applicable provisions pertaining to the dating of Parity Securities issued pursuant to the provisions of either Section 5.2 or 5.3 hereof, the Parity Securities of each series shall bear such date or dates as shall be specified in the Indenture or Supplemental Indenture under which such series is issued. Subject to compliance with the Act, the Parity Securities of each series shall mature on such dates and in such amounts, shall be subject to redemption on such dates and on such terms and conditions, and shall bear interest for such periods, at such rate or rates and payable on such dates, all as shall be fixed, prior to the issuance of such Parity Securities, in this Indenture or in the Supplemental Indenture under which such Parity Securities shall be issued. All installments of principal of and interest and premium (if any) on each series of the Parity Securities shall bear interest after the respective due dates of such principal, interest and premium (if any) until paid or until moneys sufficient for payment thereof shall have been deposited for that purpose with the Trustee, whichever first occurs, at such per annum rate or rates and subject to such grace period (if any) as shall be specified prior to their issuance. The principal of and the interest and premium (if any) on the Parity Securities shall be payable in lawful money of the United States of America.

The principal of and the premium (if any) on the Parity Securities shall be payable at the principal office of the Paying Agent, upon presentation and surrender of the Parity Securities as the same become due. In case any Parity Security is called for partial redemption, the redemption price of the principal thereof so called for redemption shall be payable at the principal office of the Paying Agent (a) upon presentation and surrender of such Parity Security in exchange for a new Parity Security or Parity Securities of the same series and in authorized denominations having an aggregate principal amount equal to the unredeemed portion of the principal of the Parity Security so surrendered, or (b) upon presentation of such Parity Security for an appropriate endorsement by the Paying Agent of such partial redemption on such Parity Security or on any record of partial redemptions appertaining thereto and constituting a part thereof. The interest on the Parity Securities shall be paid by check or draft mailed or otherwise delivered by the Paying Agent to the respective Holders thereof as of the applicable Record Date at their addresses as they appear on the registry books of the Paying Agent pertaining to the

registration of the Parity Securities; provided, however, that the final payment of such interest shall be made only upon surrender of the appropriate Parity Security to the Paying Agent.

Section 3.3 Form of Parity Securities, Etc. The Series 1997-A Warrants, the Series 1997-B Warrants and the Series 1997-C Warrants, together with the authentication certificate of the Trustee applicable thereto, shall be in substantially the forms respectively provided therefor in Sections 7.6, 8.3 and 9.6 hereof. The Parity Securities of each series of Additional Parity Securities and the authentication certificate of the Paying Agent and the record of partial redemptions (if any) applicable thereto shall be in substantially the form respectively provided therefor in the Supplemental Indenture under which such Additional Parity Securities are issued, which shall in general be similar to the form applicable to the Series 1997 Warrants, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof and such Supplemental Indenture.

ARTICLE IV

EXECUTION AND AUTHENTICATION OF THE PARITY SECURITIES

Section 4.1 Execution of Parity Securities. The Parity Securities shall be executed by the President of the Governing Body, and the seal of the County shall be affixed thereto and attested by the Minute Clerk of the Governing Body; provided that the signatures of the said officers on the Parity Securities may be facsimiles of their actual signatures; and provided further that a facsimile of the seal of the County may be imprinted on the Parity Securities rather than manually affixed thereto. Signatures on the Parity Securities by persons who were officers of the County at the time such signatures were written or printed shall continue effective although such persons cease to be such officers prior to the authentication of the Parity Securities or the delivery thereof.

Section 4.2 Authentication Certificate of the Paying Agent. A duly executed authentication certificate by the Paying Agent shall be endorsed on each of the Parity Securities, and no Parity Security shall be valid or obligatory for any purpose unless and until such authentication certificate shall have been duly executed by the Paying Agent. Each such certificate shall recite, in substance, that the Parity Security on which it is endorsed is one of the Parity Securities described in the Indenture. The executed authentication certificate of the Paying Agent endorsed upon any Parity Security shall be conclusive evidence of the due authentication, issue and delivery of such Parity Security under the Indenture.

Section 4.3 Replacement of Mutilated, Lost, Stolen or Destroyed Parity Securities. In the event any Parity Security is mutilated, lost, stolen or destroyed, the County may execute, and the Paying Agent shall thereupon authenticate and deliver, a new Parity Security of like tenor as that mutilated, lost, stolen or destroyed; provided that (i) in the case of any such mutilated Parity Security, such Parity Security is first surrendered to the Paying Agent, and (ii) in the case of any such lost, stolen or destroyed Parity Security, there is first furnished to the Paying Agent evidence of such loss, theft or destruction satisfactory to the Paying Agent (with such evidence to be also furnished to the County if requested), together with indemnity satisfactory to the Paying Agent (and to the County if requested); provided that if the Person claiming ownership of such lost, stolen or destroyed Parity Security is a bank or an insurance company, its own written agreement of indemnity shall be deemed to be satisfactory. The County and the Paying Agent may charge the Holder with the expenses of issuing any such new Parity Security. In lieu of issuing a new Parity Security to replace any mutilated, lost, stolen or destroyed Parity Security which shall have already matured, the Paying Agent may pay such Parity Security at or after the maturity thereof if the Holder of such Parity Security satisfies the same terms and conditions as those provided in the preceding provisions of this section for the replacement of such Parity Security.

ARTICLE V

REGISTRATION, TRANSFERS AND EXCHANGES OF THE PARITY SECURITIES

Section 5.1 Book-Entry Procedures Applicable to Series 1997 Warrants. (a) Except as provided in Section 5.1(c) hereof, the registered owner of all of the Series 1997 Warrants shall be The Depository Trust Company ("DTC") and the Series 1997 Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of semiannual interest for any Series 1997 Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Paying Agent.

(b) The Series 1997 Warrants shall be initially issued in the form of a separate single authenticated fully registered warrant in the principal amount of each separately stated maturity. Upon initial issuance, the ownership of each such Series 1997 Warrant shall be registered in the registry book of the County kept by the Paying Agent in the name of Cede & Co., as nominee of DTC. The Paying Agent and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 1997 Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 1997 Warrants, selecting such Series 1997 Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 1997 Warrants under the Indenture, registering the transfer of Series 1997 Warrants, obtaining any consent or other action to be taken by Holders

of Series 1997 Warrants and for all other purposes whatsoever; and neither the Paying Agent nor the County shall be affected by any notice to the contrary. Neither the Paying Agent nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 1997 Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Paying Agent as being a Holder of Series 1997 Warrants. The County and the Paying Agent shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 1997 Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of or interest on the Series 1997 Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 1997 Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 1997 Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 1997 Warrants. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 1997 Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 1997 Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Paying Agent, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 1997 Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Paying Agent of the availability through DTC of warrant certificates. In such event, the Paying Agent shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 1997 Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 1997 Warrants at any time by giving notice to the County and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Paying Agent shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 1997 Warrants other than DTC, the provisions of Article V of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Paying Agent to do so, the County and the Paying Agent will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 1997 Warrants to any DTC participant having Series 1997 Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 1997 Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 1997 Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 1997 Warrant and all notices with respect to such Series 1997 Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Paying Agent on or prior to the date of issuance and delivery of the Series 1997 Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 1997 Warrant is registered in the name of Cede & Co., as nominee of DTC, the Paying Agent shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its content or effect) shall not affect the validity of the proceedings for the redemption of the Series 1997 Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 1997 Warrants pursuant to the Indenture by the County or the Paying Agent with respect to any consent or other action to be taken by Holders of the Series 1997 Warrants, so long as any Series 1997 Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 5.1 and any other provision of the Indenture or the forms of Series 1997 Warrants, the provisions of this Section 5.1 shall govern so long as warrant certificates have not been issued to the Holders of the Series 1997 Warrants other than DTC in accordance with Section 5.1(c) hereof.

Section 5.2 Registration and Transfer of Parity Securities. The Paying Agent for each series of Parity Securities shall be the registrar and transfer agent of the County with respect to such series and shall keep at its principal office proper registry and transfer books in which it will note the registration and transfer of such Parity Securities as are presented for those purposes, all in the manner and to the extent hereinafter specified.

The transfer of any Parity Security may be registered only upon the books kept by the Paying Agent, as registrar and transfer agent for the County, for the registration and registration of transfer of Parity Securities upon surrender thereof at the office of the Paying Agent with written power to transfer signed by the Holder thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Paying Agent. Upon any such transfer the County shall execute, and the Paying Agent shall authenticate and deliver to the transferee, a new Parity Security registered in the name of such transferee and of like tenor as that presented for transfer.

Any Series 1997-A Warrant or Series 1997-B Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 1, 1997. Any Series 1997-C Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 15, 1997. Any Additional Parity Security authenticated and delivered pursuant to the provisions of this section shall be dated in accordance with the provisions of the Supplemental Indenture under which such Additional Parity Security is issued.

The Paying Agent shall not be required to transfer any Parity Security during the period of fifteen days next preceding any Interest Payment Date with respect thereto or, if such Parity Security is duly called for redemption (in whole or in part), during the period of thirty days next preceding the date fixed for such redemption.

Section 5.3 Exchange of Parity Securities. The Parity Securities of each series shall be freely exchangeable within the limits provided in the Indenture or Supplemental Indenture under which such series is issued; provided, however, that under no circumstances shall a Parity Security be issuable in exchange for other Parity Securities unless all the Parity Securities being so exchanged are of the same series, bear interest at the same rate and have the same stated maturity. Upon the request of the Holder of any Parity Security in a principal amount greater than the minimum authorized denomination applicable to the series to which such Parity Security belongs, the County shall execute, and the Paying Agent shall thereupon authenticate and deliver, upon surrender to the Paying Agent of such Parity Security and in exchange therefor, two or more Parity Securities of like tenor as the Parity Security so surrendered and in authorized denominations aggregating the same principal amount as the Parity Security so surrendered. Upon the request of the Holder of two or more Parity Securities the County shall execute, and the Paying Agent shall thereupon authenticate and deliver, upon surrender to the Paying Agent of such Parity Securities and in exchange therefor, a new Parity Security or Parity Securities of like tenor in different authorized denominations and aggregating the same principal amount as the then unpaid principal amount of the Parity Securities so surrendered. Any Parity Securities surrendered for exchange pursuant to the provisions of this section shall be accompanied by a written power to transfer signed by the Holder thereof in person or by duly authorized attorney, properly stamped if required, in form and with guaranty of signature satisfactory to the Paying Agent.

Any Series 1997-A Warrant or Series 1997-B Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 1, 1997. Any Series 1997-C Warrant authenticated and delivered pursuant to the provisions of this section shall be dated February 15, 1997. Any Additional Parity Security authenticated and delivered pursuant to the provisions of this section shall be dated in accordance with the provisions of the Supplemental Indenture under which such Additional Parity Security is issued.

The Paying Agent shall not be required to exchange any Parity Security pursuant to the provisions of this section during the period of fifteen days next preceding any Interest Payment Date with respect thereto or, if such Parity Security shall be duly called for redemption (in

whole or in part), during the period of thirty days next preceding the date fixed for such redemption.

Section 5.4 Persons Deemed Owners of Parity Securities. The Person in whose name a Parity Security is registered on the books of the Paying Agent shall be the sole Person to whom or on whose order payments on account of the principal thereof and of the interest and premium (if any) thereon may be made. The County and the Paying Agent may deem and treat the Person in whose name a Parity Security is registered as the absolute owner thereof for all purposes; they shall not be affected by notice to the contrary; and all payments by either of them to the Person in whose name a Parity Security is registered shall to the extent thereof fully discharge and satisfy all liability for the same.

Section 5.5 Expenses of Transfer and Exchange. The County and the Paying Agent may charge the Holder with their reasonable fees and expenses in connection with any transfer or exchange of any of the Parity Securities (including, without limitation, the expenses of printing any new Parity Securities that may be necessitated by any transfer or exchange after the exhaustion of an initial supply of Parity Securities for a reasonable number of such transfers and exchanges); provided, however, that no charge shall be made for the issuance of a new Parity Security issued, pursuant to the provisions of Section 6.2 hereof, as a result of a call for partial redemption of any Parity Security. In every case involving any transfer or exchange of any of the Parity Securities that is requested by the Holder thereof, such Holder shall pay all taxes and other governmental charges required to be paid in connection with such transfer or exchange.

ARTICLE VI

GENERAL PROVISIONS RESPECTING REDEMPTION OF PARITY SECURITIES

Section 6.1 Manner of Effecting Redemption of Parity Securities. Any redemption of any Parity Securities of any series shall be effected in the following manner:

(a) Call. The Governing Body shall adopt a Resolution containing the following: (1) a call for redemption, on a specified date when they are by their terms subject to redemption, of Parity Securities bearing a stated series designation or designations and having specified maturities (and, in the case of the partial redemption of any Parity Securities, the respective principal amounts thereof to be redeemed); (2) unless all the Parity Securities then outstanding are to be redeemed (or unless a portion of all such outstanding Parity Securities are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), a statement that no Event of Default has occurred

and is continuing; and (3) a summary of all applicable restrictions upon or conditions precedent to such redemption and the provisions made to comply therewith; provided, however, that it shall not be necessary for the Governing Body to adopt any such Resolution in the case of any redemption of Series 1997-A Warrants pursuant to the provisions of Section 7.3 hereof, any redemption of Series 1997-C Warrants pursuant to Section 9.3 hereof or the redemption of the Parity Securities of any series of Additional Parity Securities, if such redemption is required by the terms of the Supplemental Indenture under which such series of Additional Parity Securities is issued or if, in such Supplemental Indenture, the adoption of such Resolution is expressly stated to be unnecessary.

(b) Notice by Mail. With respect to any Parity Securities called for redemption, in whole or in part, the Paying Agent (on behalf of the County) shall cause to be forwarded to the Holder thereof a notice by registered or certified mail stating the following: that Parity Securities bearing a stated series designation or designations and having specified maturities (and, in the case of the partial redemption of any Parity Securities, the respective principal amounts thereof to be redeemed) have been called for redemption and will become due and payable at the applicable redemption price or redemption prices on a specified redemption date, and that all interest thereon will cease after such redemption date if prior to such date, or not later than 10:00 o'clock, A.M., on such date, the total redemption price of the Parity Securities (or portions thereof) so called for redemption, together with the accrued interest thereon to such date, has been deposited with the Paying Agent. Such notice shall be so mailed not more than sixty (60) nor less than thirty (30) days prior to the date fixed for redemption [or, in the case of Series 1997-C Warrants called for optional redemption, not more than ninety (90) nor less than forty-five (45) days prior to the date fixed for redemption], but Holders of any Parity Securities may waive the requirements of this subsection with respect to the Parity Securities held by them without affecting the validity of the call for redemption of any other Parity Securities.

(c) Deposit. Prior to the date fixed for redemption the County shall deposit or cause to be deposited with the Paying Agent the total redemption price of the Parity Securities (or portions thereof) so called for redemption (as such redemption price is specified herein or in the Supplemental Indenture under which such Parity Securities are issued) in funds that will be immediately available no later than the opening of business on the date fixed for redemption and shall furnish to the Paying Agent the following: (i) a certified copy of the Resolution required by subsection (a) of this section (if, under the circumstances, the adoption of any such Resolution is required); and (ii) when such redemption is made subject, by the terms of the Indenture or any Supplemental Indenture, to any other restriction or requirement, evidence satisfactory to the Paying Agent showing compliance with such restriction or requirement.

Section 6.2 Presentation of Parity Securities for Redemption; Parity Securities Called for Redemption to Cease to Bear Interest. Upon compliance by the County and the Paying Agent with the requirements of Section 6.1 hereof [and, unless all the Parity Securities then outstanding are to be redeemed (or unless a portion of such outstanding Parity Securities are to be redeemed and the remainder are, simultaneously with or prior to such redemption, to be otherwise retired), if the County is not on the redemption date in default in payment of the principal of or the interest (or premium, if any) on any of the Parity Securities], the Parity Securities so called for redemption (or, in the case of any Parity Securities called for partial redemption, the portions thereof called for redemption) shall become due and payable at the place or places at which the same shall be payable at the redemption price or prices and on the redemption date specified in such notice, anything herein or in the Parity Securities to the contrary notwithstanding and the Holders thereof shall then and there surrender them for redemption; provided, however, that with respect to any Parity Security called for partial redemption, (i) the Holder thereof shall surrender such Parity Security to the Paying Agent in exchange for one or more new Parity Securities of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Parity Security so surrendered or (ii) such Holder shall, in lieu of surrendering such Parity Security in exchange for a new Parity Security or Parity Securities, present the same to the Paying Agent for endorsement thereon (or on any record of partial redemptions appertaining thereto and constituting a part thereof) of the payment of the portion of the principal thereof so redeemed. All future interest on the Parity Securities so called for redemption (or, in the case of any Parity Securities called for redemption in part, the portions thereof called for redemption) shall, subject to the deposit required by subsection (c) of Section 6.1 hereof having been made, cease to accrue after the date fixed for redemption. The Parity Securities so called (or, in the case of any Parity Securities called for redemption in part, the portions thereof called for redemption) shall, subject to such deposit having been made, no longer be entitled to the benefit of the lien hereof but shall look solely to the moneys deposited with the Paying Agent under the provisions of this article; and out of the moneys so deposited with it, the Paying Agent shall pay on the redemption date the applicable redemption price or prices of the Parity Securities so called for redemption (or, in the case of any Parity Securities called for redemption in part, the portions thereof called for redemption).

Section 6.3 Pro Rata Redemption of Parity Securities of Different Series Not Required. Nothing contained in the Indenture shall be construed as requiring pro rata redemption of Parity Securities of different series, even though at the time that any redemption of Parity Securities is to be effected there are then outstanding Parity Securities of two or more series then subject to redemption.

ARTICLE VII

THE SERIES 1997-A WARRANTS

Section 7.1 Authorization and Description of the Series 1997-A Warrants and Places of Payment. Pursuant to the applicable provisions of the Act, and for the purpose of refunding the Series 1992 Warrants and the Series 1995-A Warrants, there is hereby authorized to be issued under the Indenture an issue or series of Parity Securities designated Sewer Revenue Refunding Warrants, Series 1997-A, limited in aggregate principal amount to \$211,040,000. The Series 1997-A Warrants shall be dated February 1, 1997, shall be numbered from R1 upwards in the order issued and shall be issued initially in the respective principal amounts of \$5,000 or any greater integral multiple thereof. The Series 1997-A Warrants shall mature and become payable on the dates and in the amounts set forth below and shall bear interest from their respective dates payable on August 1, 1997, and on each February 1 and August 1 thereafter until maturity or earlier redemption at the per annum rates set forth below:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
February 1, 2005	\$ 5,870,000	5.000%
February 1, 2006	3,675,000	5.375
February 1, 2017	5,535,000	5.650
February 1, 2018	7,220,000	5.625
February 1, 2019	9,135,000	5.625
February 1, 2022	41,640,000	5.625
February 1, 2027	137,965,000	5.375

The principal of and the interest on any Series 1997-A Warrant shall bear interest after their respective due dates until paid at the rate of interest borne by the principal of such Series 1997-A Warrant prior to maturity. The Series 1997-A Warrants shall be initially issued and registered in the names of such Holders as shall be designated by the initial purchasers of the Series 1997-A Warrants.

The principal of and the interest and premium (if any) on the Series 1997-A Warrants shall be payable in accordance with the provisions of Section 3.2 hereof.

Section 7.2 Optional Redemption of Series 1997-A Warrants. Those of the Series 1997-A Warrants having stated maturities after February 1, 2007, but prior to February 1, 2027, will be subject to redemption and prepayment prior to their stated maturities, at the option of the County, as a whole or in part on February 1, 2007, and on any date thereafter, at and for the following respective redemption prices (expressed in percentages of the principal amount of each Series 1997-A Warrant or portion thereof to be redeemed) plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
February 1, 2007, through January 31, 2008	101.0%
February 1, 2008, through January 31, 2009	100.5
February 1, 2009, or thereafter	100.0

The Series 1997-A Warrants maturing on February 1, 2027, will be subject to redemption and prepayment, prior to said maturity date, at the option of the County, as a whole or in part, on February 1, 2007, and on any date thereafter, at and for a redemption price, with respect to each Series 1997-A Warrant or portion thereof to be redeemed, equal to the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption. The Series 1997-A Warrants may be redeemed only in installments of \$5,000 or any integral multiple thereof. In the event that less than all of the Series 1997-A Warrants of a particular maturity are redeemed and prepaid pursuant to this Section 7.2, the Trustee shall select by lot the Series 1997-A Warrants (or portions of the principal thereof) of such maturity to be redeemed and prepaid. The redemption of Series 1997-A Warrants pursuant to this section shall comply with the applicable provisions of Article VI and Section 7.5 hereof, with the provisions of Section 7.5 particularly applicable to the Series 1997-A Warrants to govern in the case of any conflict.

Section 7.3 Scheduled Mandatory Redemption of Series 1997-A Warrants. Those of the Series 1997-A Warrants maturing on February 1, 2022, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2020	\$ 11,310,000
February 1, 2021	13,775,000

Series 1997-A Warrants in the aggregate principal amount of \$16,555,000 will remain to be paid at their scheduled maturity on February 1, 2022.

Those of the Series 1997-A Warrants maturing on February 1, 2027, shall be subject to scheduled mandatory redemption on the following respective dates and in the following respective principal amounts:

<u>Redemption Date</u>	<u>Principal Amount</u>
February 1, 2023	\$ 19,700,000
February 1, 2024	23,190,000
February 1, 2025	27,115,000
February 1, 2026	31,515,000

Series 1997-A Warrants in the aggregate principal amount of \$36,445,000 will remain to be paid at their scheduled maturity on February 1, 2027.

The Series 1997-A Warrants shall be redeemed pursuant to the provisions of this section at and for a redemption price, with respect to each such warrant (or portion of the principal thereof) to be redeemed, equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, and such redemption shall be effected in accordance with the applicable provisions of Article VI and Section 7.5 hereof, with the provisions of Section 7.5 particularly applicable to the Series 1997-A Warrants to govern in the case of any conflict.

Section 7.4 Purchase of Series 1997-A Warrants for Retirement. The County may at any time and from time to time purchase Series 1997-A Warrants for retirement using funds from any source. Any Series 1997-A Warrants so purchased for retirement shall be delivered by the County to the Trustee, together with a written order of an authorized officer of the County for their cancellation, whereupon such purchased Series 1997-A Warrants shall be cancelled by the Trustee. The principal amount of any Series 1997-A Warrants maturing on February 1, 2022, or February 1, 2027, that are so purchased by the County and cancelled by the Trustee or redeemed by the County pursuant to Section 7.2 hereof shall be credited against the aggregate principal amount of Series 1997-A Warrants maturing on February 1, 2022, or February 1, 2027, as the case may be, that are required to be redeemed pursuant to the provisions of Section 7.3 hereof on such date or dates succeeding the date on which such purchased or redeemed Series 1997-A Warrants shall be delivered to the Trustee as shall be specified by the County, and the effect of such credit shall be to reduce by the principal amount thereof the aggregate principal amount of Series 1997-A Warrants required to be redeemed on such specified date or dates; provided, however, that no credit in respect of the redemption of Series 1997-A Warrants required on any February 1 shall be allowed for any Series 1997-A Warrants maturing on February 1, 2022, or February 1, 2027, and purchased or redeemed unless the same shall be delivered to the Trustee, or the optional redemption which is the basis for such credit shall be effected, prior to December 15 of the year preceding the year in which such mandatory redemption is to be effected. In the event that the County elects to purchase any Series 1997-A Warrants for retirement, the Trustee may, if requested to do so by the County, solicit for tenders of Series 1997-A Warrants by holders thereof who wish to sell such Series 1997-A Warrants to the County.

Section 7.5 Special Provisions Respecting Partial Redemption of Series 1997-A Warrants. The principal of any Series 1997-A Warrants shall be redeemed only in the amount of \$5,000 or any integral multiple thereof. If less than all the outstanding Series 1997-A Warrants are to be redeemed on any single redemption date pursuant to Section 7.2 hereof, those to be redeemed shall be called for redemption from such maturity or maturities as shall be specified by the County. If less than all the Series 1997-A Warrants of a single maturity are to be called for redemption on any single redemption date, the Trustee shall assign a number or other unique designation to each \$5,000 in principal amount of the Series 1997-A Warrants of such maturity then outstanding and select by lot, from among all such numbers or other unique designations associated with the Series 1997-A Warrants then outstanding, numbers or other unique designations representing an aggregate principal amount equal to the principal amount of the Series 1997-A Warrants of such maturity to be so called for redemption, whereupon there shall be called for redemption an amount of the unpaid principal of each Series 1997-A Warrant of such maturity equal to the principal amount represented by the numbers or other unique designations related thereto that were so selected.

Section 7.6 Form of Series 1997-A Warrants. The Series 1997-A Warrants and the Trustee's authentication certificate applicable thereto shall be in substantially the following forms, respectively, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof: